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**TITLE**

**What does a comparison between Latvia, Lithuania, Kazakhstan and Kyrgyzstan tell about the cognition and institutions as social capital in the extended market order?**

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### **ABSTRACT**

*This paper considers cognition and institution as social capital. Its starts from the freedom of Economic report. It was noticed that the core tenants of the freedom of Economics are deeply embedded in the core tenants of social capital which also has strong linkages to culture.*

*Culture also relates to the mind of the people and their way of thinking, by setting the framework within which all interaction that take place can be viewed as crucial elements underlying the of lives in the larger social existence. Quantitative indicators of culture and institutions as social capital was imputed from the World value Survey and was considered in the four countries under consideration, it was noticed that trust among Latvians though may take time but once given, is very strong. This same cannot be said for Lithuania, Kazakhstan and Kyrgyzstan. This can explain to some extent trust in public institution and high rate of economic growth in Latvia than the other countries.*

## 1.1 INTRODUCTION

L.J. Hanifan's 1916 article regarding local support for rural schools is one of the first occurrences of the term "social capital" in reference to social cohesion and personal investment in the community. In defining the concept, Hanifan contrasts social capital with material goods by defining it as:

*"I do not refer to real estate, or to personal property or to cold cash, but rather to that in life which tends to make these tangible substances count for most in the daily lives of people, namely, goodwill, fellowship, mutual sympathy and social intercourse among a group of individuals and families who make up a social unit... If he may come into contact with his neighbor, and they with other neighbors, there will be an accumulation of social capital, which may immediately satisfy his social needs and which may bear a social potentiality sufficient to the substantial improvement of living conditions in the whole community. The community as a whole will benefit by the cooperation of all its parts, while the individual will find in his associations the advantages of the help, the sympathy, and the fellowship of his neighbors (pp. 130-131)."*

Social capital refers to connections within and between social networks. Though there are a variety of related definitions, which have been described as "*something of a cure-all*" for the problems of modern society, they tend to share the core idea "that social networks have value. Just as a screwdriver (physical capital) or a college education (human capital) can increase productivity (both individual and collective), so do social contacts affect the productivity of individuals and groups".

This essay starts with a brief history of the four countries under consideration (Latvia, Lithuania, Kazakhstan, and Kyrgyzstan). It then considers the definition of institution and cognition and their interaction.

It goes on to analyse institutions and cognition as social capital and applied to the four countries and finally gives some quantitative indicators of culture.

## 1.2 HISTORY OF LATVIA AND LITHUANIA

This section deals with the history of Latvia and Lithuania simultaneously because of the similarity of their historical background. But where differences are, mention would be made of the country and difference clearly specified.

Mikhail Gorbachve launched the idea of 'demokratizatsiya' because he realized that the necessary economic reforms, perestroika in 1987 could not be implemented without public support. Latvia and Lithuania were predestined to play a special role in this process initiated by Gorbachve. This was because of their geographic location to the west and their increasing exposure to Western media. Therefore when Gorbachev perestroika paved the way for local political activities, a number of political forces were ready to exploit the new opportunities provided. This can be seen in the development of small groups who protested against centralism. Norgaard and Johannes state that *'the Baltic states, contrary to most other Soviet republic, had a large group of citizen living in exile in the West. During the entire soviet era, these Baltic emigrant had kept alive the dream of Baltic independence and when the opportunity arose the émigrés proved to be a strong pressure group especially vis-à-vis the American and Canadian government'*.

The movement that emerged in the middle of 1980s had a long tragic history. The few patriotic citizens who demonstrated against the soviet powers were imprisoned or deported to other parts of the Soviet Union. The first seeds of independence movement took the form of environment protests. Norgaard and Johannes states that *'in Latvia a small group of young workers from the industrial city of Liepaja organized what was later to become known as 'Helsinki-86'*. The Soviet rulership responded with the usual threat of incarceration and expulsion and other forms of abuse against such people involved. The protesters still went on to arrange a public demonstration at Riga's state of Liberty on 14 June 1987. This was in commemoration to the mass expulsion to other parts of the Soviet Union in June 1941. This demonstration sparked off similar ones in other countries like Lithuania. Norgaard and Johannes states that *'the most memorable demonstration took place on 24 august 1989, the anniversary of the Molotov-ribbentrop pact, when Hitler and Stalin divided the Eastern Europe and the Baltic states were relegated to the Soviet sphere of interest. On this day 3 million Balts, 40 percent of the total population of the three states, formed a human chain from Vilnius in the South through Riga to Tallinn in the north'*.

In Lithuania, people such as technicians and engineers became part of the movement. The fear of the leaders of the communist parties that they will be disconnected from the future development made then gave their support to these protests. With these support, the protest movement was able to organize a more established force. In 1988, a Baltic Forum movement were created in each of the two states. Norgaard and Johannes states that *'In Latvia the idea of a popular front was first tabled at an open meeting of the writers union on 1-2 June 1988'*. In Lithuania, group of intellectual formed a group known as *'Initiative Groups for the Perestroika Movement in Lithuania'*. The main aim of this group was economic and political independence. In Feb 1990 an election was held and the nationalist came victorious, the Lithuania parliament declared that independence has been restored in 11<sup>th</sup> March 1990. A strong Moscow reaction came and economic blockade was initiated against Lithuania.

Latvia therefore became more cautious because it has large groups of Soviet immigrants who were far more negative about desire for independence. In 1950, the thaws of Soviet rulership ensured that these states could revive some of their cultural and national identities. In Latvia, Soviet emigrant were stopped from entering the country. From these actions, the fight for independence was rejuvenated again. Norgaard and Johansson state that, *'the creation of independent state was a result of the collapse of the Russian and German empires'*.

### **1.3 HISTORY OF KAZAKHSTAN**

The Kyrgyz Autonomous Soviet Republic was set up in 1920 and was renamed the Kazakh Autonomous Soviet socialist republic in 1925 when the Kazakhs were differentiated officially from the Kyrgyz. The Russian Empire recognized the ethnic difference between the two groups. In the same year the autonomous republic capital was reincorporated into Russian territory. From 1929 to 1934, during the period when soviet leadership Joseph Stalin was trying to collectivize agriculture. Kazakhstan endured repeated famines because peasants had slaughtered their livestock in protest against soviet agriculture policy. Conquest Robert states that *'the application of party theory to the Kazakhs, and to a lesser extent to other nomad peoples, amounted economically to the imposition by force of an untried stereotype on a function social order, with disastrous results. And in human terms, it meant death and suffering proportionally even greater than in the Ukraine'*

Series of protest through out to June 1990 cause Moscow to declare formally the Sovereignty of the central government over Kazakhstan. This action exacerbated tensions between the republic's two largest ethnic groups and in mid-August 1990, Kazakh and Russian nationalists

began to demonstrate frequently around Kazakhstan's parliaments building. An election was therefore held in 1991, and Nazarbayev became the president of an independence state when the leaders of Russia, Ukraine and Belarus signed documents dissolving the Soviet Union. Kazakhstan thus declared independence from the Soviet Political structure completely.

#### **1.4 HISTORY OF KYRGYZSTAN**

Soviet powers were established in the region in 1918. In 1926, it became the Kirghiz Autonomous Soviet Socialist Republic. During the 1920s, Kyrgyzstan saw considerable cultural, educational and social change. Economics and social development was also notable. Many aspects of the Kyrgyz national culture were retained despite suppression of nationalist activity under Joseph Stalin. The ancestral Kyrgyz social structure was dominated by nomadic traditions governing political philosophies and socialization.

The early 1990s brought measurable change to Kyrgyzstan. The Kyrgyzstan Democratic movement had developed into significant political force with support in parliament. Despite these moves towards independence, economic realities worked against separation from the Soviet Union. While much cannot be said of events prior to independence, a lot can be said of event after independence. There were a lot of serious political developments which needed immediate attention.

After independence was gain in all these four countries, they began a major change towards the market system. Institutions and the general thinking of the people (cognition), proved to be an important social capital that the people relied on greatly.

#### **2.0 INSTITUTIONS**

Institutions are rules of behaviour guiding how people act, think and communicate. Institutions are generally defined as the 'rules of the game' or humanly-devised constraint that shape human interaction' (OECD 2007). Since human beings live in an uncertain world, they devise institutions to control their environment so as to bring some certainty and to minimise transaction cost. Institutions are divided into two – Informal and Formal institutions.

##### ***2.0.1 Informal Institutions***

Informal institutions are largely self-enforcing through mechanism of obligation. An example could include simply following the rules which is in the best interest of individual who may find

themselves in a situation in which everyone is better off through co-operation. Informal institutions also include norms. Generally, informal institutions are not codified but are widely accepted as legitimate and are therefore rules in use rather than just rules on the books (OECD 2007). Informal institutions are thus

- Socially sanctioned norms of behaviour (attitudes, customs, taboos, conventions and traditions)
- Extensions, elaborations and modification of formal rules outside the official framework
- Self-enforcement mechanism of obligation, expectations of reciprocity, internalized norm adherence (standing operating procedures), gossip, shunning, ostracisms, boycotting, shaming, threats and the use of violence.

When it comes to changing informal institutions, one has to acknowledge that this is a tedious process that involves changing power relations and overcoming path dependency. But not all change of informal institution is as difficult to initiate as mentioned above. Norms that need changing can be affected by government by outlawing a particular pattern of behaviour but there are also some strong limitations to the role that a government can play in changing informal institutions.

### **2.0.2 Formal institution**

Formal institutions are rules of behaviours guiding how people should act. In other words formal institutions are normally understood as rules encapsulated in formal legal and property right system. Formal institutions are enforced by official entities (courts, judges, police officers, bureaucrats etc). An attempt to describe the rules of just conduct which emerge from the efforts of for example, judges to decide disputes is very important and should be considered. This is because it has provided a model which legislators have tried to emulate. The judge is in this sense an institution (formal) of a spontaneous order. Hayek state that *‘The mere feeling that some action would be so outrageous that ones fellows would not tolerate it is in this context quite as significant as the enforcement by that regular producer which we find in advanced legal system’*.

The development of rules often results when ‘quarrels’ broke out. Persons called to umpire may find it important to articulate those rules which there exit difference of opinion. The reason of articulating these rules is to obtain consent to their application in a particular case. Therefore although informal institution in the first instance will be established, their perfection will require the deliberate efforts of the formal institution. Indeed rules or laws as we know it today



could not have developed fully without the efforts of such entities as courts, judges, police etc. The aim of the formal institution is to prevent as much as possible, the actions of different individuals from interfering with each other. The order that formal institution is expected to maintain is therefore not a peculiar state of things, but the occurrence of a process which rests on some of the expectations of the acting persons being protected from interference by other (Hayek)

### **2.0.3 COGNITION**

We can understand the development of these institutions if we get a clear insight of what thinking processes goes on in the mind of individuals. This is called cognition. Cognition thus referred to the information processing view of an individual's psychological functions. The meaning is linked to the development of concept, individual minds, groups and organizations. In short, cognition is the 'process of thought' or the 'mental process of knowing'. Hayek describes the process of thought as a neural order of the fibres, and of impulses proceeding in these fibres, which though undoubtedly part of the completed physical order, is yet a part of it which is not directly known but can only be reconstructed. Through this process, there is a gradual formation of a 'map' reproducing relation between classes of events. This 'map' of the relationships between various kinds of events in the external world, which the linkages will gradually produce in the higher nervous centres, will not only be a very imperfect map, but also a map which is subject to continuous although very gradual change (Hayek). This reinforces the idea that the mind is not essentially a self-enclosed arena of subjectivity, but relates us in certain ways to the environment and especially to other people. Our subjective states relate us to the rest of the world and the general name of that relationship is intentionality. These subjective states include beliefs and desires, intentions and perceptions, as well as love and hates, fears and hopes. Intentionality is the general term for all the various forms by which the mind can be directed at, or be about, or of, objects and states of affects in the world (Searle). How these processes have evolved and affected the creation of institution is very important. The effects of these cognitive processes on institution and both thereafter becoming a vital social capital are the interest of this essay.

## **3.0. COGNITION AND INSTITUTIONS AS SOCIAL CAPITAL**

### **3.0.1 Culture and Institution as social Capital**

According to Putnam (1993), Social Capital is defined as a cultural phenomenon, denoting the extent of civic mindness of members of a society, the existence of social norms promoting

collective action and the degree of trust in public institution. In other words it refers to those resources inherent in social relations which facilitate collective action. Social capital resources include trust, norms, and networks of association representing any group which gathers consistently for a common purpose. The denser the network, the more likely that member of the group will co-operate because networks,

- Foster sturdy norms of generalized reciprocity
- Facilitate co-ordination and communication
- Embody past success at collaboration, which can serve as a cultural template for future collaboration.

Social capital can refer to anything from individual reasoning (cognition) to institutional network.

The index published in Economic Freedom of the World is defined to measure the consistency of a nation's institutions and policies with economic freedom. The key ingredients of economic freedom are – personal choice, Voluntary exchange coordinated by market, freedom to enter and compete in market and protection of persons and their property from aggression by other (Economic Freedom of the World Report 2009). We can therefore deduce that institution and policies are consistent with economic freedom. The index measures the degree of economic freedom in five major areas; Size of government expenditure and taxes, enterprises; Legal structure and security of property right; Access to sound money; Freedom to trade internationally; and Regulation of credit, labour and Business. We can therefore say that, the indicators for the measurement of economic freedom, very much hinges on the core tenants of social capital. A simple mapping between the index of measurement and core tenants of social capital can be undertaken.

Size of government expenditure and taxes	= trust and norms
Enterprises; Legal structure and security of property right	= norms
Access to sound money	= network
Freedom to trade internationally	= network
Regulation of credit, labour and Business	= trust and network

Let's quickly analyze the performance of these countries based on the index after which we analyze culture and institution as social capital. A true analysis of the ranking of these countries before and after the communist era will help in far extent to appreciate the working

of institution and cognition. According to 1997 index of Economic Freedom, Latvia was ranked 69 and Lithuania ranked 80 while Kazakhstan and Kyrgyzstan had no ranking. In 2007, Lithuania was ranked 35 and Latvia ranked 44. Kazakhstan and Kyrgyzstan was ranked 50 and 71 respectively (Economic Freedom of the World Report, 2009). Weakness in the rule of law was pronounced among several nations that were part of the former soviet bloc, though some of these nations have made strides towards improvement.

We can first consider institutions as social capital. The way human being themselves organise their society will determine whether they will be prosperous or not. Some ways of organizing societies encourage people to innovate, to take risks, to save for the future, to find better ways of doing things, to learn and educate themselves, solve problems of collective action and provide goods. Other do not. The idea that the prosperity of a society depends on its institution and cultural evolution goes back at least to Adam Smith's discussion of mercantilism and the role of markets. We can think of these institutions as consisting of an inter-related cluster of things. There must be enforcement of property rights for a broad cross-section of society so that all individuals have an incentive to invest, innovate and take part in economic activity. There must also be some degree of equality of opportunity in society including such things as equality before the law so that those with good investment opportunities can take advantage of them. One can also think of other institutions for instance market or even language. How these institutions are trusted to operate under prevailing norms and how they are interconnected to each other is very important for the proper functioning of any society. If the existence of social norms such as property rights which promotes collective action evolved from institutions, then we could as well say that institutions are vital social capital.

Culture is viewed as a key determinant of the values, preferences and beliefs of individuals and societies. At some level, culture can be thought to influence equilibrium outcomes for a given set of institutions. Possibly there are multiple equilibria connected with any set of institutions and differences in culture mean that different societies will coordinate on different equilibria (Lewin). Alternatively, different cultures generate different sets of beliefs about how people behave and this can alter the set of equilibria for a given specification of institutions. The most famous link between cultural factors is that proposed by Weber (1930) who argued that the origins of industrialization in Western Europe could be traced to the Protestant Reformation and particularly the rise of Calvinism. The Protestant sets of beliefs (hard work) brought the idea of capitalism. Again we realized the working of a network of connections as observed when we defined social capital. The term culture used here is not simply an independent force

imposing itself on social institution and individual behaviour, rather is intimately connected to social institutions and individual behaviour. For example police and court system would be incapable of enforcing property right and contracts, if most members of the society did not accept the legitimacy of the institutional rules (Chamlee-Wright). All the core tenants of social capital such as norms, trust and network are deeply rooted in the explanation of culture. If any of these tenants are taken away, culture will lose its sense of meaning. Chamlee-Wright states that cultural and economic process do not neatly separate out from one another. Such 'preference' for caution, trust and ethnic identity are not neutral. Rather, the specific cultural context shapes and directs individual's economic choices and market process'. Understanding culture as social capital is to understand it in terms of a framework of meaning, an aspect of virtually any causal factor one might identify, not a separate causal factor of its own. Social capital could be placed as culture. We could consider social capital as a cluster of cultural characteristics which create and maintain mutual trust and co-operation within a community or a social group. In this sense social capital is born out of everyday interaction.

In Latvia, restrained behavior, including lowered voices and the avoidance of eye contact, is expected in public places. Self-control, particularly with regard to anger, is highly valued. Relationships between same-sex friends and family members are characterized by a high degree of intimacy, body contact and the use of affectionate diminutives. Latvians may seem somewhat anti-social to others, but in fact it's simply that Latvians need more time to develop trust and friendship. Once that trust is developed, they tend to be more co-operative in any system or institution. It is not surprising that, Latvia trusts their public institution more than any of the four countries as explained in section 4.0. In Latvia, ethnic consciousness is very pronounced, sometimes even predominating over national or religious consciousness. This may explain why Latvia performed better in moral attitude or civic mindedness in table 3 than the rest of the countries and why Latvia also performed better than the rest of the countries on the FEW reports. This shows culture and institution as social capital in Latvia.

In Kazakhstan, people have a long tradition of peace, tolerance and co-existence. Kin groups are central to the life of almost every Kazakh life. Extended families are large social support networks. The strong bond between family members made it easier for the establishment of civil society groups in Kazakhstan. One major importance of this bond is that it led to the establishment of a traditional means of conflict resolutions which was later implemented into the Kazakhstan constitution with little modifications. The following culture 'institution' existed and still exists

- Khan's Power
- Council of Elders (aksakals)
- Assembly of peoples of Kazakhstan (a constitutional provision established in 1995)
- Court of bii

The art and culture of a nomadic society such as Kazakhstan are more than art and culture in their contemporary meanings. Rather, they are the means that assure preservation of the fabric of the society. This has helped to shape Kazakhstan society and proven the point that culture and institutions are really social capital in Kazakhstan.

Lithuanians are a reserved people with respect for tradition. They generally will not go out of their way to greet someone they do not know; people on public conveyances do not look directly at someone else unless they are friends. Membership in groups helps some people improve their standard of living. Strong social networks and extended relationships with family and friends are an important part of life. Because of this, the family is the centre of the social structure, the obligation to family is a person's first priority and the family forms the basis around which all other parts of life revolve. It is not surprising that business tends to be family concentrated. This style of business ownership might also be a contributing factor to the establishment of many industries in Lithuania during the Soviet era. The culture of very strong family relations proves culture as social capital in Lithuania.

In Kyrgyzstan, traditional occupation for many centuries has been nomadic cattle breeding. Nomads lived in a total harmony with the nature, did not build cities and roads, and did not develop the industry. Scientific and technological progress was almost absent and life does not undergo significant changes over long time. As a result of this way of life, a certain national culture has been formed. Classic Kyrgyz is unhurried and unconcerned and likes to leisurely drink tea, talk about that and this. This norm (culture and informal institution) has affected the working of formal institution a lot and this explains why Kyrgyzstan is lacking behind among the four countries according to the EFW report.

Economic performance depends on personal, cultural and institutional factors, on people's aptitudes, attitude and motivations. Where these are favourable, capital will be generated locally or attracted from abroad. Poverty and prosperity are not usually matter of land but depends on social satisfaction, culture and institutional arrangements (Bauer).

Understand that and you will understand the fact that culture and institution are vital social capital.

### ***3.0.2 How culture relates to the minds of the people***

Culture plays a crucial role in shaping our mental models, our moral standards, our aesthetic sensibilities and in general the context that give meaning to our lives. Culture is a society's collection of meanings which emerges through social interaction and which allows the individual to interpret (relating to the mind) her own circumstance. The interpretive processes result in patterns of behaviour across individuals. Individual does not wholly choose his culture. The individual inherits a language community, values and ethics. While the individual does not choose that cultural influences which shape her thinking/perspective she/he has it within her grasp to challenge inherited cultural norms. Learning how to 'read' any particular cultural context is the process which makes use of tacit or inarticulate knowledge (Lavoie and Chamlee-Wright). Hayek made this point about knowledge. He point out that individual also make use of inarticulate knowledge, perhaps derived from the experience or map of many years within a particular environment, which enable him to make sense of all the many bits of information available to them. The different experience or map which will thus be formed in different brains will be determined by factors (culture) to each other, but will not be identical.

How knowledge or messages or experience play into individual's everyday reasoning and/or lives – their choices, attitudes, judgments and perceptions is very important. For example how messages and experience about capitalism provided a sort of 'social cement' in Latvia and Lithuania that binded families to each other. This is because of the multiplicity of meaning that a message might take on because of the different functioning of the brains of individual and/or of groups in similar or different cultural setting. In the process of experience this does not begin with perceptions, but necessarily precedes them: it operates on physiological events and arranges them into a structure or order which becomes the basis of their 'mental' significance; and the distinction between the sensory qualities, in terms of which world, is the result of such pre-sensory experiences. We may express this also by stating that experience is not a function of mind or consciousness, but that mind and consciousness are rather products of experience (Hayek 1952).

Culture as a whole orientation to the world, a way of living that necessarily involves ethical choices. Images and symbolic message we receive and send through culture profoundly shape the way we think. These ways of thinking, by setting the framework within which all interaction

will take place can be viewed as crucial elements underlying the quality of our lives in the larger social existence. Suppose we are to relate the way of life to the method of farming in Kyrgyzstan. We would understand that well if we understand the thought of the people about certain objects like 'horse'. These were very important as a means of transport and even though its services might be needed on the farm, will never be used on it. The thinking of the Kyrgyz man has defined his way of existence.

These objects and images reflective of culture and help shape the way we make decision. In short, they are the way we interpret our world through cognitive actions.

#### **4.0 QUANTITATIVE INDICATORS OF CULTURE**

Leading East European dissidents (Georgy Konrad) have lamented the absence of a fully developed, vibrant civil society in Communist and post-Communist countries. This deficit posed a major obstacle on the path of political and economic transition. All Communist countries had experienced a phase of stark, totalitarian rule; and even after severe repression ended with the Stalinist era, participation in public affairs remained forced and ritualistic. Public institutions were perceived as alien. Distrust in public institutions is thus one of the most pernicious legacies of Communism. In short, Communism seems to have left as legacy the perception that while each individual might profit from 'informal social capital', private returns to civic participation and other forms of "formal social capital" would be low. Despite potentially very high returns to civic mindedness and cooperation during the transition, it would not be easily established – thus providing one possible reason for the disappointing economic performance of many transitions. People therefore tended to retreat from the public sphere into privacy; into the realm of relatives and immediate friends; or into innocuous groups promoting non-controversial cultural and leisure activities.

Much has been said about culture as social capital in four economics in the pervious section. In this section, we impute quantitative indicators of culture as social capital and this analysis will be done in the light of the transition from communist system to market system.

In the empirical work that follows, we benefit from the availability of data from the 1990 and 1995 World Values Survey (WVS), which included transition economies to construct measures of moral attitudes, trust and civic participation. **The figures given are percentage points out of the number of people interviewed in the country.**

The key question on trust is as follows: “Would you agree that people can generally be trusted or would you say that you cannot be too careful about other people?”

**Table one**

Country	1990	1995
Latvia	19.0	24.7
Lithuania	30.8	21.9
Kazakhstan	n.a	16.0
Kyrgyzstan	n.a	15.2

Table one shows the average score of trust for the four countries in 1990 and 1995. The main findings are that in Latvia, trust was generally low in 1990 than in Lithuania. But these values seem to have tilted slightly towards in favour of Latvia in 1995. Again trusts in anonymous individuals are also low in Kazakhstan and Kyrgyzstan where they seem to have a much more contracted family/clan system. Social network were much stronger in the families/clan but reduces considerable away from the family.

The reason for the low level of trust especially between anonymous individuals in these four countries is the nature of Communist rule in all country. Communism, like all authoritarian governing systems, thrives best when exercised in an environment of great distrust. The institutional mechanisms of distrust abound in communist countries, as in all totalitarian regimes, and consisted of a mixture of ideological indoctrination, cooptation through dependence on the Party for one’s livelihood, and brute coercion.

### **Ascribed and process-based trust in transition economies**

**Table two**

Country	1990				1995			
	Reliance on family		Reliance on friends		Reliance on family		Reliance on friends	
	a lot	rather	a lot	rather	a lot	rather	a lot	rather
Latvia	72.52	23.26	16.38	52.73	68.06	25.50	24.29	57.01
Lithuania	65.31	28.79	19.01	53.08	73.97	23.22	21.89	56.02
Kazakhstan	n.a	n.a	n.a	n.a	86.00	14.00	21.00	79.00
Kyrgyzstan	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a

International, cross-country surveys on attitudes and opinions are plagued with numerous difficulties of interpretation. The results presented here should therefore be accepted with



quite some caution. One major conclusion imposes itself nonetheless: in Latvia, individuals forged strong mutual ties at the level of family and close friends, but rarely did they venture out of this well-defined circle in 1990 than in 1995. Thus Latvians trusted anonymous people as they moved towards the market system. But that seems to be a complete opposite in the case of Lithuania. In Kazakhstan, reliance and trust in the family was still strong even under the market system

The World Values Survey asks respondents to rate their degree of confidence in a number of institutions, including government, the press, the army, the legal system, the civil service, trade unions, the enterprise sector, the church and others. Scores range from 1-4, with 4 representing a lot of confidence and 1 no confidence. Space will not allow me to show the table but the average score for the two counties are presented as 2.36 for Latvia and 2.29 for Lithuania. This explains that Latvians tend to trust more anonymous individuals and this is in line with the previous conclusion. Even though values for Kazakhstan and Kyrgyzstan are missing, we could as well conclude that, their value will be much closer to 1 because of the huge mistrust in anonymous people

On the moral attitude or civic mindedness, respondents were asked to record the frequency with which they engaged in activities that implied a disregard for the common good.

**Table three**

Country	Avoiding transport fare	Cheating on taxes	Buying stolen goods	Accepting bribes	Average Index 1990	Average Index 1995	Altruism
Latvia	6.87	7.42	8.83	9.01	8.81	8.04	76.86
Lithuania	7.88	7.87	9.20	9.05	8.86	8.50	77.87
Kazakhstan	n.a	n.a	n.a	n.a	n.a	n.a	32.00
Kyrgyzstan	n.a	n.a	n.a	n.a	n.a	n.a	

Again, it seems that compared with citizens in Lithuania, Latvian citizens are more ‘civic-minded’ than Lithuania citizens. And it is quit logical because the more one has a trust in a system; the more efforts will the person put in to ensure the sustainability of the system. However, when asked about their attitudes towards the needs of others, citizens in Latvia do not seem to differ that much from citizens Lithuanian. Again we can make an inference from

this and apply to Kazakhstan and Kyrgyzstan. We shall expect that values for these countries in all four areas will be relatively higher because of people general mistrust.

## **Conclusion**

This essay considered institutions and culture as social capital and went on to developed quantitative indicators for culture among the four countries.

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